



Fiscal Year 2014-15 Accountability Report Guidelines

June 18, 2015

INTRODUCTION

The format for agencies' annual accountability reports is governed by aspects of both permanent and temporary law. The relatively brief passages identify two key purposes of these reports; they must provide the Governor and General Assembly with information that supports their analysis of the budget and also ensure that the Agency Head Salary Commission has a basis for its decisions.

In terms of required content, the law's demands are limited:

- The reports "must contain the agency's or department's mission, objectives to accomplish the mission, and performance measures that show the degree to which objectives are being met." (§1-1-820)
- Agencies must "identify key program area descriptions and expenditures and link these to key financial and performance results measures." (Proviso 117.31)

Last year, the accountability report guidelines were significantly altered, moving away from the Baldrige criteria towards a format that allows for a performance and data driven evaluation of the agency's annual progress. Moreover, the adoption of new framework was intended to meet the following objectives:

1. to promote strategic planning and thoughtful review of agency goals by its executive leadership and senior management; and
2. to bring objectivity by formulating SMART (Specific, Measurable, Attainable, Relevant, and Time-bound) objectives.

Annual accountability reports have both retrospective and forward-looking components in which agencies will discuss their historical expenditures for FY 2013-14 and FY 2014-15 and associate these expenditures with a set of prospective goals, strategies, and objectives that will carry the agency into future years. Goals, strategies and objectives evolve over time, which means that in some cases these may not completely align with the historical data.

This new format applies both to state agencies and institutions of higher education; there are no longer separate planning documents. The term "agency" in these instructions applies to either type of organization.

SUBMISSION PROCESS

All forms should be submitted electronically **by September 15, 2015** to **Kim Gibson** (KGibson@budget.sc.gov) in both the original format (Word or Excel) and saved as a PDF for online reporting. The signed copy of the Submission Form with the Agency's Discussion and Analysis should be mailed to: Executive Budget Office, Edgar A.

Brown Building, Suite 529, Columbia, SC 29201. Please direct any questions about this process to **Abhijit “Abhi” Deshpande** (Adeshpande@budget.sc.gov; (803)737-0699) and/or your agency’s EBO liaison.

COMPLETING THE SUBMISSION FORM AND THE AGENCY’S DISCUSSION AND ANALYSIS

The Submission Form is a Word document; the remaining elements of the accountability report will be completed in Excel. Double-click on the document’s header to enter your agency’s name, code, and section number. In the main body of the form, please provide your agency’s mission statement and contact information. An agency with a governing board or commission should have its submission signed by both the Agency Head and the Board/Commission Chair.

The “Agency’s Discussion and Analysis” section provides agency leadership with an opportunity to comment on internal and external factors affecting the agency’s performance in the past year, the agency’s current efforts and the associated results (referencing information presented elsewhere in the accountability report), and any plans now under development to introduce additional changes. An organization chart showing the structure and chain of command of your agency should be included in this section. This passage **should NOT exceed 5 pages, or up to 7 pages when including any charts or graphs.**

DEVELOPING AGENCY GOALS, STRATEGIES, AND OBJECTIVES

Based on the reports submitted last year, the formulation of technically sound goals, strategies and objectives has identified as an area with opportunities for improvement. Last year, language, quantity and specificity of the goals and objectives varied widely from agency to agency due to varying interpretations of the guidelines. For example, some agencies identified just one goal and objective, while others identified dozens. For FY 2014-15, agencies should revisit their goals, strategies, and objectives using the following set of common definitions for these terms and the **S.M.A.R.T.** framework (Figure 1). The **S.M.A.R.T.** framework calls for the creation of goals and objectives that are specific, measurable, attainable, relevant and time-bound.

Agency Goal:

- *A broad expression of a central, strategic priority for an agency; a statement of what the agency hopes to achieve – typically in the long-term – that is qualitative in nature.*
- *At the highest level, each agency’s goals should logically and naturally derive from the agency’s mission statement. They should also be clearly connected to state government’s overarching responsibilities in fields ranging from education and economic development to transportation and public safety.*
- **Ideally 3-5 high-level annual goals are recommended.**

Strategy:

- *A concise statement of a high-level approach an agency is taking in pursuit of a goal.*
- *Is a descriptive, complex action comprised of multiple action steps.*
- *Starts with action verbs like develop, design, establish, enhance, implement etc.*
- *Includes completed details for budget, staffing, IT, marketing campaign and facility implications*
- **Ideally 2-4 strategies are recommended per goal.**

Objective:

- *A specific, measurable, and achievable description of an effort that the agency is actively implementing over a defined period of time as part of a broader strategy to meet a certain goal.*

- *Ideally 3-5 objectives are recommended per strategy.*

FIGURE 1. S.M.A.R.T. Framework

Specific:

- Who is to be involved? What is to be accomplished? Where is it to be done? When is it to be done?
- A specific goal/objective is distinct and defines as much of the goal/objective as possible and contains no ambiguous language.
- It will state exactly what the agency intends to accomplish.
- Goals/objectives are set by or in concert with the person responsible for achievement.

Measurable:

- From X and To Y, How much/many? How will you know when it is accomplished?
- A measurement gives feedback and let's one measure goal/objective achievement (i.e. outcomes, not the completion of strategies).
- Includes base-line data and a target toward which progress can be measured.

Attainable:

- Should be a realistic chance that a goal/objective can be accomplished.
- Does NOT mean or imply that goals /objectives should be easy. On the contrary, a goal/objectives should be challenging.
- A goal that can no longer be achieved should be altered or abandoned.

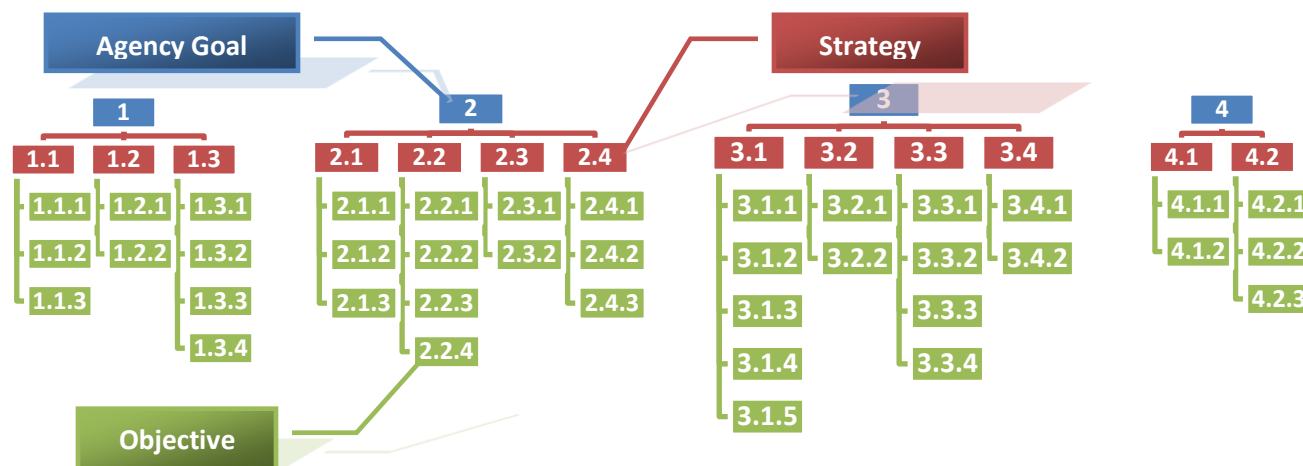
Relevant:

- Goals/objectives should be appropriate to and consistent with the mission and vision of the agency.
- Each goal/objective should be one that moves the agency toward the achievement of its vision.
- All short-term goals be relevant (e.g., consistent) with the longer-term and broader goals of the agency.

Time-bound:

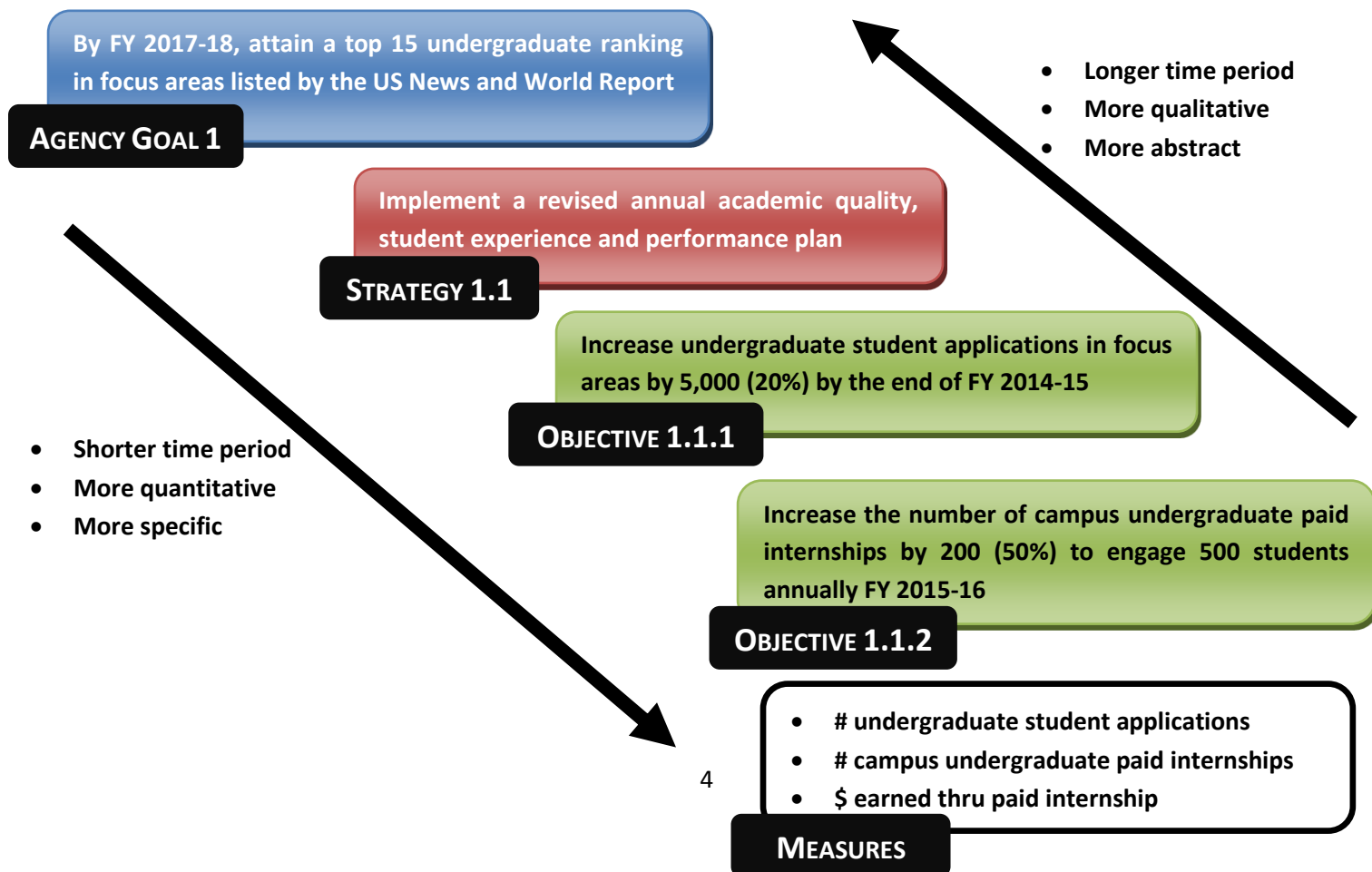
- Finally a goal/objective must be bound by time. That is, it must have a starting and ending point.
- Includes time-bound baseline and target (X as of date to Y by date).

FIGURE 2. Hierarchy of Goals, Strategies, and Objectives for a Sample Agency



After defining their goals, agencies should take a “top-down” approach to selecting their strategies, objectives, and ultimately their performance measures (Figure 2). Below is an example from Clemson University that shows how an agency goal can point to a strategy and how a specific objective can follow from that strategy. This objective, in turn, serves as the basis for two of the agency’s performance measures (Figure 3).

FIGURE 3. Relationships of Goals, Strategies, and Objectives



DEFINING GOALS, STRATEGIES, AND OBJECTIVES

Goals, strategies, and objectives are related to each other, but it is important to differentiate between them. A goal is a long term high level statement of an agency's priorities while a strategy is a concise statement of the approach an agency is taking to meet the goal. The following examples (Figure 4 and Figure 5) show some goals, strategies and objectives. To the left are goals, strategies and objectives that are not based on **S.M.A.R.T.** criteria. On the right is an example of how those same items could be restated using the **S.M.A.R.T.** criteria. These charts can also be used to help determine whether your current goals, strategies and objectives are **S.M.A.R.T.**

FIGURE 4. Example A: - Use of S.M.A.R.T Criteria

Not Based on S.M.A.R.T. Criteria	Revised to Reflect S.M.A.R.T. Criteria
<ul style="list-style-type: none">• Goal• Improve customer service. <ul style="list-style-type: none">• Strategy• Use technology to answer more calls.• Decrease call hold times.• Complaint resolution. <ul style="list-style-type: none">• Measurable Objective• Decrease call hold times by 75%.• Increase number of customers surveyed from 75% to 95%.	<ul style="list-style-type: none">• Goal• Improve the customer experience for applicants. <ul style="list-style-type: none">• Strategy• Implement interactive voice recognition (IVR) technology.• Enhance website self-service options.• Develop internal communication plan for complaint resolution. <ul style="list-style-type: none">• Measurable Objective• Decrease call hold times from 20 minutes in 2014 to 5 minutes in 2016, based on monthly average.• Increase customer satisfaction scores from 65% satisfied in 2013 to 80% in satisfied in 2016, using annual survey.

FIGURE 5. Example B: - Use of S.M.A.R.T Criteria

Not Based on S.M.A.R.T. Criteria	Revised to Reflect S.M.A.R.T. Criteria
<ul style="list-style-type: none">•Goal<ul style="list-style-type: none">•Maintain Clinical Programs at Current Levels.•Strategy<ul style="list-style-type: none">•Assure adequate resources exist to adequately serve people appropriately needing services.•Inpatient Care will be efficient, safe, and effective.•Measurable Objective<ul style="list-style-type: none">•Services will reach people in need.•Department will demonstrate cost-efficiency in the delivery of services.	<ul style="list-style-type: none">•Goal<ul style="list-style-type: none">•Improve the overall mental health and wellbeing of the residents of South Carolina by maintaining functions of 25 statewide clinical programs.•Strategy<ul style="list-style-type: none">•Implement a recruiting campaign to recruit qualified clinical and program management staff.•Implement an enterprise-wide knowledge and skills enhancement training program to ensure patient safety, and efficient and effective service care delivery.•Measurable Objective<ul style="list-style-type: none">•Recruit 20 new physicians, 15 program managers by the end of FY 2014-15.•Increase the number of physicians severed in the rural areas from 20 to 40 by the end of FY2015-16.•Provide patient safety and quality service delivery training 300 clinical and non-clinical staff of the agency by the end of FY2014-15.

Some objectives may be associated with multiple performance measures, while others may have none. For instance, SLED may list “retain accreditation from the Commission on Accreditation from Law Enforcement Agencies” as an objective. There would not be an associated measure for this objective – either SLED would retain the accreditation or it would not.

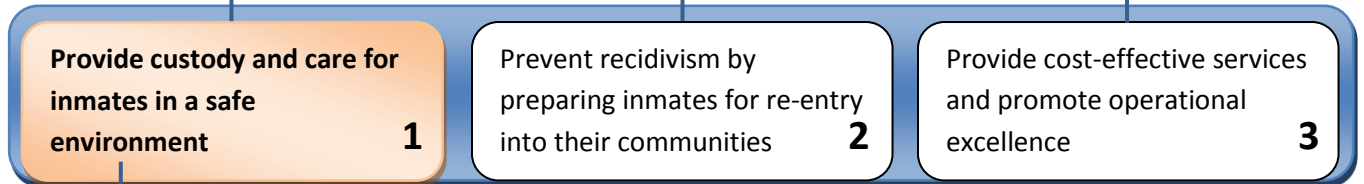
To give a more detailed example of the progression from goals to strategies and then objectives, Figure 6 drills-down through the full conceptual hierarchy at the Department of Corrections, tracing a path that leads to various measures of the availability of safety-related equipment in state prisons. In this example, the objective does not have a clearly defined period of time for which it applies. In cases such as this one, this upcoming fiscal year may be the implied period, because the anticipated progress is established by projected improvement in one or more performance measures during that timeframe.

FIGURE 6. Progression from Enterprise Goal to Performance Measures – Department of Corrections

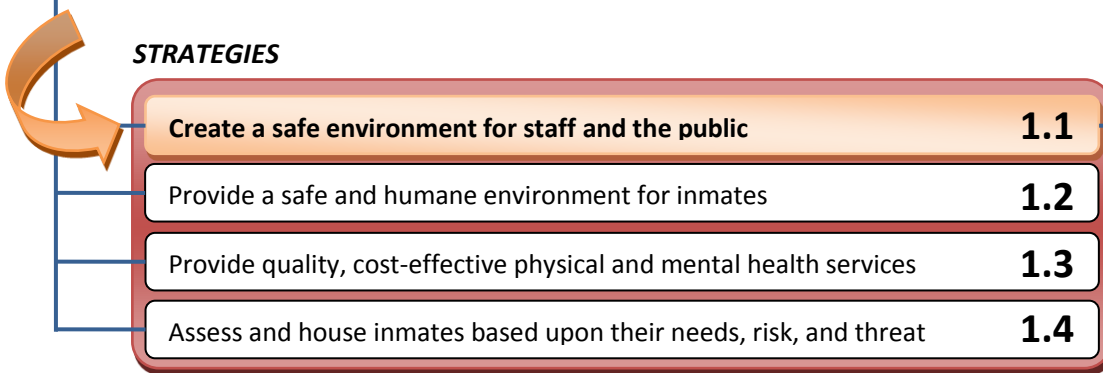
ENTERPRISE GOAL



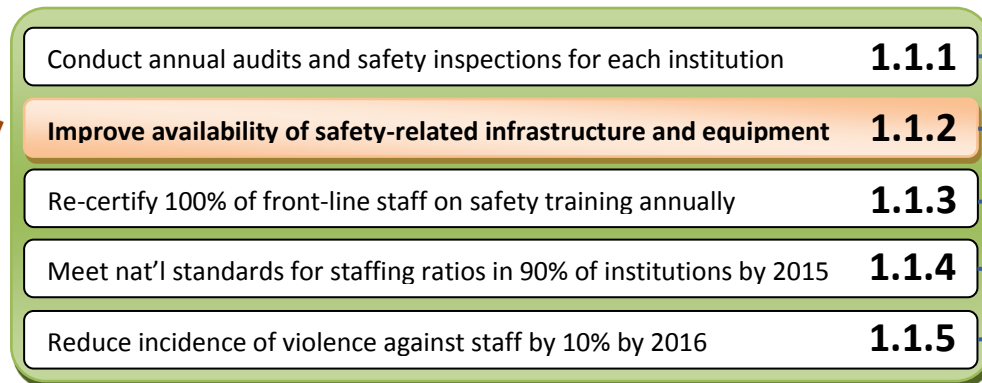
AGENCY GOALS



STRATEGIES



OBJECTIVES



PERFORMANCE MEASURES

	2014 Actual	2015 Target
% of Level III institutions with perimeter towers	17%	33%
% of institutions with cell phone interdiction technology installed	0%	20%
% of inmates receiving random urinalysis testing	4.4%	4.7%

COMPLETING THE STRATEGIC PLANNING TEMPLATE

The Strategic Planning Template is an Excel spreadsheet. Begin by entering your agency's name, code, and section number into the shaded fields at the top of the form. Each row of the spreadsheet will format itself based upon the value selected under the "Type" heading in Column A. As shown in Figure 7, use the drop-down arrow to select "G" for a goal, "S" for a strategy, or "O" for an objective.

FIGURE 7. Goal, Strategy, or Objective Drop-Down

5	Type	<i>Item #</i>		
6		Goal	Strat	Object
7				
8	G			
9	S			
10	O			
11				

Items should be numbered in the "1.1.1" format. For instance, the second objective under the third strategy that supports an agency's first goal would be identified as "1.3.2". Please number each item in the appropriate column, as demonstrated in Figure 8.

FIGURE 8. Numbering Goals, Strategies, and Objectives

5	Type	<i>Item #</i>		
6		Goal	Strat	Object
7	G	1		Provide custody
8	S		1.1	Create a safe
9	O			1.1.1 Conduct

Figure 9 provides an example of an agency's template after the first several entries have been made.

FIGURE 9. Sample Strategic Planning Template

	A	B	C	D	E	F	G	H	I	J
1	Agency Name: Department of Corrections									Fiscal Year 2013-14
2										Accountability Report
3	Agency Code: N04		Section: 065							
4										Strategic Planning Template
5	Type	<i>Item #</i>								
6		Goal	Strat	Object						
7	G	1			Provide custody and care for inmates in a safe environment					
8	S		1.1		Create a safe environment for staff and the public					
9	O			1.1.1	Conduct annual audits and safety inspections for each institution					
10	O			1.1.2	Improve availability of safety-related infrastructure and equipment					
11	O			1.1.3	Re-certify 100% of front-line staff on safety training annually					
12	O			1.1.4	Meet national standards for staffing ratios in 90% of institutions by 2015					
13	O			1.1.5	Reduce incidence of violence against staff by 10% by 2016					
14	S		1.2		Provide a safe and humane environment for inmates					
15	O			1.2.1	Achieve compliance with American Correctional Association standards					

****Please delete any unused rows up to Row 300 before submitting the template.****

SELECTING AND ENCOURAGING PERFORMANCE MEASURES MANAGEMENT SYSTEM

The mandate for these reports is reflective of a clear Executive and Legislative intent that agencies should focus on performance, and executive-level and senior management must be meaningfully involved in developing, monitoring, and using performance measures. Moreover, agencies will be held accountable for declining performance measures. Funding decisions may be influenced by agencies' actual performance compared to targets and projections made when requesting funds during previous years. These guidelines specifically anticipate that:

- 1) Management will be involved in determining the agency's key performance measures. The measures will be revised as necessary.
- 2) Management will ensure that an effective performance monitoring and evaluation system is developed by the agency. This includes instituting all necessary processes to ensure that performance measure information is accurately calculated and documented.
- 3) Achievement of performance targets will be among an agency's highest priorities. Negative agency variances from performance targets will be promptly identified and addressed.
- 4) Management will incorporate performance information in day-to-day agency decision making to monitor operations and to determine if the agency is achieving expected results. This information will also be used to formulate the agency's budget requests and to allocate resources.

A good performance measurement system should provide information that is meaningful and useful to decision-makers. A good system and good performance measures play an integral part in an agency's daily operations. An effective measurement system should satisfy the following criteria:

- **Results-oriented:** focuses primarily on outcomes, efficiencies, and outputs.
- **Selective:** concentrates on the most important indicators of performance.
- **Useful:** provides information of value to the agency and decision-makers.
- **Accessible:** provides periodic information about results.
- **Reliable:** provides accurate, consistent information over time.

These guidelines use "performance measure" as an umbrella term that incorporates several types of indicators. Figure 10 illustrates the types of performance measures:

FIGURE 10. Types of Performance Measures

Outcome Measure

Answers: Is anyone better off?

- A quantifiable indicator of the public and customer benefits from an agency's actions.
 - Outcome measures are used to assess an agency's effectiveness in serving its key customers and in achieving its mission, goals, and objectives.
 - They are also used to direct resources to strategies with the greatest effect on the most valued outcomes.
 - Outcomes measure results and should be the **first priority**.
- **Examples:** % of university students graduating in four years, % of establishments inspected annually, % of licensees with no violations.

Efficiency Measure

Answers: How well?

- A quantifiable indicator of productivity expressed in unit costs, units of time, or other ratio-based units.
 - Efficiency measures are used to assess the cost-efficiency, productivity, and timeliness of agency operations.
 - Efficiencies are measures that measure the efficient use of available resources and should be the **second priority**.
- **Examples:** average cost per case, average cost per inspection, average time for complaint resolution.

Output Measure

Answers: How much?

- A quantifiable indicator of the number of goods or services an agency produces. Output measures are used to assess workload and the agency's efforts to address demands.
 - Outputs measure workload and efforts and should be the **third priority**.
- **Examples:** # of clients served for substance abuse, # of inspections conducted, # of business license applications processed.

Input/Explanatory Measure

Answers: What did we use?

- Resources that contribute to the production and delivery a service. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
 - Measures the factors or requests received that explain performance (Explanatory).
 - These measures should be the **last priority**.
- **Examples:** # case workers recruited, # of inspectors, # of requests for inspection/complaints received.

COMPLETING THE PERFORMANCE MEASUREMENT TEMPLATE

The Performance Measurement Template is an Excel spreadsheet. Begin by entering your agency's name, code, and section number into the shaded fields at the top of the form. Items should be numbered in sequence, although the order in which they are presented is not important – they do not need to be organized by goal or objective, for instance. The "Performance Measure" field in Column B is essentially the title of the measure.

The next four columns (C-F) are all related. Each value for a measure should be reported in a way it can be meaningfully compared to the other years' values. For instance, if an agency captures information for a particular measure on a quarterly basis and must use the March 31, 2015 record as the "Current Value" because the June 30, 2015 information is not yet available, then the "Prior Value" and "Target Value" data should be as of March 31, 2014 and 2016, respectively.

Prior Value: The value as of June 30, 2014 or another reference date that would have appeared in or been appropriate to include in the agency's most recent accountability report.

Current Value: The value as of June 30, 2015 or another reference date in FY 2014-15.

Target Value: The aspirational value as of June 30, 2016 or another reference date in FY 2015-16.

Time Applicable: This field should identify the date or time period for which the three reported values apply. For instance, it might state "June 30" if a snapshot value is taken on the final day of each year or "July 1 – June 30" if the values encompass the entire fiscal year.

Figures 11 and 12 provide an illustration of how an agency might report on several performance measures.

FIGURE 11. Sample Performance Measurement Template – Values

	A	B	C	D	E	F
1		Agency Name:	Comptroller General's Office			
2						
3		Agency Code:	E12	Section:	096	
4						
5	Item	Performance Measure	Last Value	Current Value	Target Value	Time Applicable
6	1	Transaction Volume per Filled FTE	294,547	305,269	312,000	July 1 - June 30
7	2	Cost of Comptroller Services as Percentage of State Spending	0.0197%	0.0189%	0.0186%	July 1 - June 30
8	3	Average Document Turnaround Time	1.81 days	1.79 days	1.78 days	July 1 - June 30


In the "Data Source and Availability" field, agencies should explain how and from where the information is gathered for a particular measure, along with how often that information is updated. This may not necessarily correspond to the "Reporting Frequency" presented in Column H. The State Museum's point-of-sale systems may

produce daily reports which are reviewed weekly or monthly by agency staff; this would be noted under “Data Source and Availability.” If admissions fees or store proceeds are only reported annually in the accountability report, then the reporting frequency in Column H would be “Annual.”

In some cases, agencies – or their sources – must perform one or more calculations in order to convert raw data into a performance measure that will appear in this report. This process should be noted in the “Calculation Method” field. For instance, the Department of Consumer Affairs’ most recent accountability report contained a chart showing the “Rate of Return on Investment in Consumer Complaint Mediation Programs,” along with an explanation of how those values were calculated. The formula used to develop this statistic would be presented in Column I.

Finally, a performance measure may be associated with one or more of an agencies objectives; any objective with a significant nexus should be identified in Column J.

FIGURE 12. Sample Performance Measurement Template – Metadata

G				H				I				J			
								Fiscal Year 2013-14 Accountability Report							
								Performance Measurement Template							
								Data Source and Availability				Reporting Freq.		Calculation Method	
STARS and SCEIS transactions, updated daily				Annual		All STARS and SCEIS transactions / filled FTEs on last day of FY		1.2.1, 1.2.2, 2.1.1, 2.1.2, 2.3.3							
SCEIS reports, updated daily				Annual		CG Office's General and Other Fund FY 2013-14 Expenditures / All State GF and OF expenditures		3.1.2, 3.1.3							
SCEIS reports, updated daily				Annual		"Document" means contingent vouchers and interdepartmental transfers. Turnaround time for each record calculated by SCEIS.		2.2.1, 2.2.2, 3.1.2, 3.1.3							

****Please delete any unused rows up to Row 300 before submitting the template.****

COMPLETING THE PROGRAM TEMPLATE

Begin by entering your agency’s name, code, and section number into the shaded fields at the top of the form. Agencies should identify each program in Column A, based upon how they were identified in the FY 2013-14 appropriations act. A standalone roman numeral would be considered a discrete program if not further divided into lettered items, as “I. General Administration” appears in Figure 13 below. Programs that have been separated into lettered items should be reported at that level, such as “II.A. Community Mental Health.” Reporting should not be more granular than this. For instance, a program III.B. that appears in the budget with sub-items III.B.1., III.B.2., and so on should be reported on a consolidated basis in the Program Template at the III.B. level. If necessary, add an “All Other Items” as the final program to capture any additional expenditures not included above, such as certain special items.

Provide a brief summary of each program's purpose in Column B, followed by each program's FY 2012-13 and FY 2013-14 expenditures in the following columns. The totals in Columns F and J will be automatically calculated by the template. Finally, the relevant objectives for each program should be identified in Column K. Please delete any unused rows up to Row 100 before submitting the template.

FIGURE 13. Sample Program Template

1	A	B	C	D	E	F	G	H	I	J	K
	Agency Name:	Department of Mental Health									Fiscal Year 2013-14 Accountability Report
2											
3	Agency Code:	J12	Section:	035							
4											Program Template
5	Program/Title	Purpose	FY 2012-13 Expenditures				FY 2013-14 Expenditures				Associated Objective(s)
6			General	Other	Federal	TOTAL	General	Other	Federal	TOTAL	
7	I. General Administration	Leadership and direction for the agency, including administration, finance, and legal services.	\$ 2,866,039	\$ 361,059	\$ -	\$ 3,227,098	\$ 3,199,419	\$ 827,618	\$ -	\$ 4,027,037	5.1.1, 5.1.2, 5.2.1, 5.2.2
8	II.A. Community Mental Health	Services delivered from the 17 mental health centers that include: evaluation, assessment, and intake of consumers; short-term outpatient treatment; and continuing support services.	\$ 47,693,301	\$ 60,633,190	\$ 8,544,140	\$ 116,870,631	\$ 58,503,505	\$ 75,323,111	\$ 14,144,767	\$ 147,971,383	1.1.1, 1.1.2, 1.1.3, 1.2.1, 1.2.2, 1.3.1, 1.3.2, 1.3.3, 1.3.4, 1.4.1, 1.4.2
9	II.B. Inpatient Behavioral Health	Services delivered in a hospital setting for adult and child consumers whose conditions are severe enough that they are not able to be treated in the community.	\$ 32,044,740	\$ 45,006,696	\$ 287,055	\$ 77,338,491	\$ 35,767,472	\$ 54,720,923	\$ 569,344	\$ 91,057,739	1.2.1, 1.3.3, 1.5.1, 1.5.2, 1.5.3, 1.6.1, 1.6.2
10	II.C. Tucker/Dowdy-Gardner Nursing	Residential care for individuals with mental illness whose medical conditions are persistently fragile enough to require long-term nursing care.	\$ 3,789,052	\$ 11,111,826	\$ -	\$ 14,900,878	\$ 3,908,666	\$ 14,496,633	\$ -	\$ 18,405,299	All Goal 2 objectives

TECHNICAL ASSISTANCE/TRAINING SESSIONS

Considering the significant changes in the requirements of the Accountability Reports, the Executive Budget Office recognizes the need to provide necessary technical assistance/training to agency leaders on the new format and its use in financial, organizational, and accountability improvement. The executive-level leadership and senior management of agencies are **STRONGLY RECOMMENDED** to attend training sessions in July 2015 and August 2015. Once finalized, the details of the training will be communicated to all agencies in late June 2015.